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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

IN THE MATTER OF

AMENDMENT OF THE COMMISSION'S
RULES TO ESTABLISH NEW
PERSONAL COMMUNICATIONS SERVICES

GEN. DOCKET NO. 90-314
ET DOCKET NO. 92-100

TO: THE COMMISSION

**REPLY COMMENTS
TO THE NOTICE OF PROPOSED RULEMAKING
AND TENTATIVE DECISION**

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The undersigned companies hereby submit the following joint reply comments in response to comments filed in response to the Commission's Notice of Proposed Rule Making and Tentative Decision (the "NPRM").

I. THE COMMISSION'S GOALS OF UNIVERSALITY, SPEED OF DEPLOYMENT, DIVERSITY OF SERVICE AND COMPETITIVE DELIVERY FOR PCS ARE BEST MET BY AWARDING LICENSES THROUGH COMPARATIVE HEARINGS TO COMPANIES OR GROUPS OF COMPANIES WHICH TOGETHER PROVIDE NATIONAL SEAMLESS INTEROPERABILITY.

No national PCS licenses should be granted to a single company. Instead PCS licenses should be granted to companies, and groups of companies, which together provide their subscribers with national seamless interoperability.

For groups of companies which promise coverage of a major part of the U.S. a national consortia license, such as proposed by MCI, is appropriate. A national license should go to a group which promises to fill in all economically feasible areas of the country.

For groups of companies that cover smaller geographies, or individual companies applying apart from a group, license areas should be smaller. However, smaller groups

of companies and individual company applicants must provide a plan to the Commission which through technology choice and contractual agreements with other companies and groups of companies shows that the applicant company or small group of companies is capable of providing national seamless interoperability for its subscribers.

Where a license is awarded to a group of companies, the companies in the group should be allowed to decide which companies serve what areas.

Comparative hearings should be used to award licenses. The comparison should be done on the basis of the relative capability of each applicant group of companies or individual applicant company (for local regions) to:

- Provide national seamless interoperability to its subscribers.
- Speed deployment of PCS technology in America.
- Offer high capacity/low cost PCS service in frequency sharing with fixed microwave or migration of OFS users to other bands.

Applicant groups of companies should be evaluated as a group, looking at the total capability of the group to meet the above three criteria. Individual applicant companies (for local regions) should be evaluated individually against these same three criteria.

The advantages of this licensing approach include:

- Immediate development of a national seamless PCS system for subscribers. The "balkanization" that occurred in cellular radio will be avoided.
- Faster development of de facto technology standards for PCS. Driven by the need for national seamless interoperability, groups of companies and individual companies will be forced to adopt common technology.
- Faster deployment of PCS. Companies, large and small, will be forced to work together to bring their combined capabilities to PCS. This, together with necessary expeditious resolution of technology standards issues will speed deployment of PCS.
- Recognition and accommodation to the needs of existing microwave users operating in the 1.8 GHz band.
- Lower cost to subscribers. Groups of companies together choosing common technology, will be able to assure sufficient demand to

manufacturers to gain early manufacturing economies of scale. The same will be true in networking, billing and other elements of operating cost.

- Greater opportunity for minority owned companies and smaller entrepreneurial companies. These companies will gain purchasing and operating advantages in being linked to similar companies, and also larger companies, as part of national and regional groups of companies. Also, if a company chooses to apply for a license on its own and not to group with other companies, it still will have advantages in being able to offer national seamless interoperability and have available de facto technology standards for PCS.
- Expedited licensing process. Licensing through comparative hearings based on the above listed criteria can be accomplished much more expeditiously than licensing based on lotteries or auctions.

II. NO MORE THAN THREE LICENSES SHOULD BE GRANTED, WITH FEWER IN MORE RURAL AREAS.

In view of the limited amount of spectrum proposed for PCS, three is the maximum number of licenses that allow economically attractive PCS businesses to be developed in urban areas. In more rural areas, no more than two PCS licenses would be economically attractive. If, therefore, national seamless interoperability consortia are required to cover all rural areas in the country, only two consortia licenses should be granted. Commentators which argue for more licenses appear to be attempting to weaken the competitive position of PCS.

III. CELLULAR OPERATORS SHOULD NOT BE ALLOWED TO PROVIDE PCS IN THEIR OPERATING AREAS.

PCS should compete with cellular, and cellular operators should accordingly not be allowed to provide PCS services in any licensed PCS area which in any way overlaps their current cellular operating areas. If a cellular operator is part of a group awarded a national or regional license, the cellular operator should only be allowed to provide PCS services as a member of the group in areas which do not overlap the cellular operator's cellular operating areas. In this connection, we support and agree with the Comments of MCI regarding denial of PCS licenses to cellular operators in areas which overlap their current cellular areas.¹

¹Page 17 of Comments of MCI to the Notice.

IV. SMALLER INDEPENDENT LECS SHOULD BE ALLOWED TO PROVIDE PCS IN SMALLER CITIES AND RURAL AREAS BY NATIONAL CONSORTIA BUT OTHERWISE LECS SHOULD BE DENIED PCS LICENSES.

LECs as PCS providers have substantial potential for anti-competitive behavior in pricing and service. For this reason, LEC participation in PCS should be limited. However, small or independent telephone companies can round out national seamless interoperability consortia and should be allowed to do so.

V. SPECIAL RECOGNITION SHOULD BE GIVEN TO EARLY PCS DEVELOPERS.

Companies which have been participants in PCS through filings with the Commission in GEN. Docket No. 90-314 and ET Docket No. 92-100, and who have been participants as applicants in the PCS pioneer's preference process, should be favored in the award of PCS licenses. This would apply to both individual and group applicant companies. A group of companies which includes a substantial number of such PCS developers should be given priority in license award. If the group presents a plan for national seamless interoperability, speedy PCS deployment and low cost/high capacity PCS technology in frequency sharing with fixed microwave or migration of microwave users to other bands, it should be granted a license.

VI. TECHNOLOGY STANDARDS SHOULD BE SET BY COMPANIES AND GROUPS OF COMPANIES WHICH TOGETHER PROVIDE NATIONAL SEAMLESS INTEROPERABILITY.

Rather than having the Commission set interference standards between licensees and any other elements of technology, the Commission should require the licensees to set the operating rules among themselves. Also, the Commission should not designate specific frequency bands for PCS licensees. Instead all licensees should be allowed to share all the allocated PCS frequency. Existing technology allows this, and it is fairer in a fixed microwave PCS sharing environment as some PCS frequency bands will be more impacted by interference (have more unusable channels) than others.² All that should be required by the Commission is a plan for national seamless interoperability, the protection of users in neighboring frequency bands and either the choice of a high capacity/low cost frequency sharing technology or presentation of a workable migration plan to migrate OFS users to other bands.

²Commission precedent for allowing all licenses to share the entire allocated frequency existed in the air-to-ground communications service, GEN. Docket No. 88-96 Report and Order released June 15, 1990.

VII. PCS OPERATORS SHOULD BE GIVEN CO-CARRIER STATUS TO LOCAL EXCHANGE CARRIERS, AND ACCESS TO LEC SWITCHES AND NETWORK SHOULD BE BASED ON DISAGGREGATED EQUITABLY marginally BASED ALLOCATED COST.

Co-carrier status will allow the PCS operator the capability to provide LEC access for PCS subscribers on the same basis as the LEC provides PCS access to its LEC subscribers. Disaggregated equitably marginally based costing for LEC access will give PCS operators the same costing as enjoyed by LECs.

CONCLUSION

The future of PCS is at a cross roads. The Commission can choose to follow the balkanization approaches of cellular radio, resulting in delayed deployment of PCS, higher costs to subscribers and diminished U.S. and international opportunity for U.S. manufacturers. Alternatively, the Commission could step PCS boldly ahead and adopt the national seamless interoperability licensing approach suggested herein. This licensing approach solves most of the technology standards, licensing process and network interconnection issues for PCS while providing ample room for the participation of minority owned and entrepreneurial companies.

Respectfully submitted,


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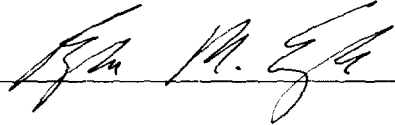
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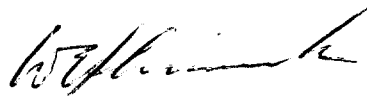
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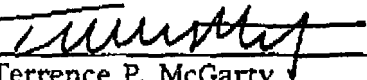
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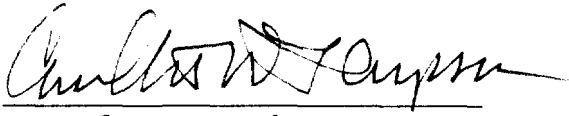
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